NOTE

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Media Revisionists ❑ Del Monte Cans TV ❑ Y&R Edits Print ❑ TV 2000

MARKETING & MEDIA DECISIONS

NOVEMBER 1990 • $4.00

HEARST HEATS UP

D. Claeys Bahrenburg lights a fire in the cool, closed corridors of Hearst Magazines.

DEPARTMENTS

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Public Broadcasting nixes all networking proposals, and a botched by-line is put right.

PRO FILES 12
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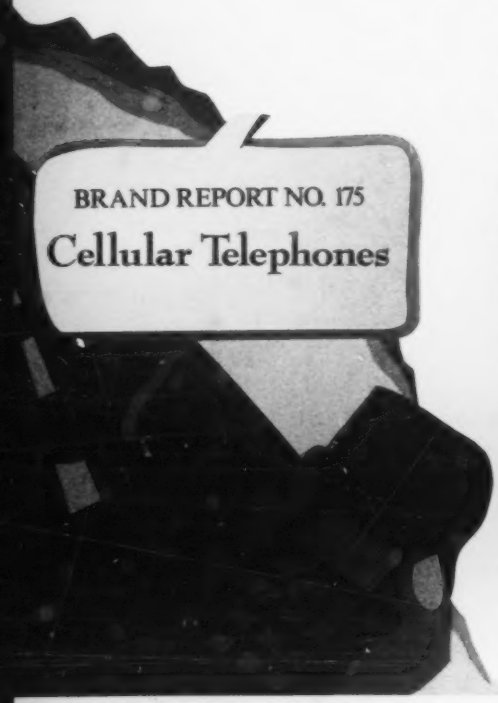
Newspapers have long been the medium of choice for the distribution of coupons, but FSIs now rule over ROP by a wide margin. Here's a guide to newspapers' promotion options.

ECONOMIC EYE 72
Top category spending is tracked for consumer magazines, plus the Media Cost Index through July 1990.



There's something in the air — the imminent push by these high-tech toys into the mainstream consumer marketplace.

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FEATURES

Y&R's Other Shoe 28

When Young & Rubicam formed its Print Service Group, the special unit was empowered to do it all — except put a specific book on a schedule. Now the giant print buyer has added title selection to the division's responsibilities. The move frees up planners from the heavy workload of print, and it gives the Group extra power. Some planners, however, are going to miss those pages.

Media's Revisionists 33

They tend to come from small-to-mid-sized shops, where limited budgets are expected to work miracles — and often do. They're the Media Revisionists, the media departments' brash, change-minded thinkers. The rules that guide the big shops don't apply to their problems, they insist. Maybe not. But the Revisionists' solutions often find their way into big-agency thinking.

Hearst Heats Up 38

The very private world of America's biggest publisher of monthly magazines has become a little less private. Part of it has to do with a selling climate that demands a more open mind. But a lot has to do with a new management culture that is out to market Hearst as a whole, rather than just individual titles. It's D. Claeys Bahrenburg's job to get some of publishing's brightest and toughest publishers to start thinking as a team.

Del Monte's Can-Do 47

That's the attitude that helped the canned-goods giant and its agency, McCann-Erickson, San Francisco, do the impossible. The company all but erased network tv from its media plan, turned almost exclusively to print, reduced its overall spending and outpaced its category growth two-to-one.

Tune-In 2000 52

In cooperation with *M&MD*, Myers Marketing & Research presents a picture of tv in general and cable in particular in the year 2000. Filling in the details are the results of exhaustive questioning of buyers, planners and clients. Included: a client and agency wish list for cable, a rating of their biggest frustrations, and some specific predictions on where television is headed.

AS THEY SEE IT

MEDIOLOGY Steve Martin 55

Don't underestimate the power of short-term media messages to help the big effort pay off.

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Change is the name of the game these days, and both planners and the media need some fresh approaches to b-to-b.

CABLE Don Cole 57

Cable seems to defy a basic principle of price theory. Here's how, and why.

MAGAZINES Dan Charnas 58

Desperate times call for desperate measures for magazines — such as cooperation.

TUNE-IN

Cable's future is foretold in the findings of this extensive survey of buyer, planner and client attitudes.

Broadcast will remain the engine that drives television into the next millennium, but cable will be along for a joy ride. Myers Marketing & Research's survey of 630 client and agency executives, released exclusively to *M&MD*, finds cable growth will be detoured but ultimately unslowed by legislative restraints or alternative delivery systems. Instead, respondents see cable reducing its rating and advertising gap with broadcast.

What cable needs to do is increase the amount and quality of information on the medium. Respondents see cable benefiting most from things like standardized Nielsen reports, trustworthy national ratings, improved research on advertising impact, improved "pod" ratings, improved cable administration and out-of-home viewing research as areas that could boost cable's cause. By contrast, increased penetration and ratings, a logical choice, ranked first among clients, second among buyers and third among media planners (see "Cable's Causes").

Myers' study, conducted through the Worldwide Leadership Panel in cooperation with *M&MD*, integrates cable-specific research with the findings of our annual Influencers report. This three-year tracking study measures the concerns of 1,100 participating client marketing executives and agency media buyers and planners. Research involves questionnaires as well as more than 100 personal interviews and several focus groups.

What emerges is a preview of television's next ten years, with an emphasis on cable, matched to ad executives' concerns for the decade ahead. The complete report is available from Myers [(201) 808-7333]. In the meantime, Myers offers these forecasts based on the research:

2000

Cable's national penetration will hit 80% by 1995 and 90% before the year 2000.

Although overall cable ratings will remain fragmented, individual shows will regularly achieve double-digit national ratings.

Broadcast erosion will continue, with prime-time ratings finally stabilizing in the high single or low double digits.

ABC, NBC, CBS and Fox will continue to get the biggest piece of advertiser business, and broadcast advertisers will continue to pay a premium over cable.

Cable sports pricing will reach parity with broadcast.

Broadcast will position itself as the mass-targeting medium, led by Fox.

Television spending overall will increase at the expense of print and promotion. Ad revenues for non-broadcast tv will exceed $10 billion by the year 2000.

New options will continue to be developed, and viewers will be the main financial support for non-broadcast systems.

Sports will stabilize by 1993-94, and huge investments will begin to pay off as high premiums become the price of admission.

Information, culture, business and documentary programing will attract strong advertiser interest.

More power will move in-house as client-side professionals take on a bigger role in the integration of marketing goals and media execution.

Promotions, PR and advertising will be merged into "consumer influence" budgets, and agencies will become more marketing savvy to stay in the loop.

Media departments will shift from high churn to fewer, better-paid people who will sit tight.

Agencies will adopt risk-reward compensation programs that tie earnings to performance.

Cable will issue standardized Nielsen ratings, basing them on national numbers.

Improved local ratings will lead to a surge in local cable spending by advertisers.

Marketers will establish direct relationships with media companies for value-added deals, long-term pricing agreements and positioning and placement advantages.

BUYER'S CONCERNS

% RATING VERY NEGATIVE OR EXTREMELY NEGATIVE IMPACT

	CLIENT MRKTG. EXECS.	AGENCY MEDIA PLNNRS.	AGENCY MEDIA BUYERS
CLUTTERED ADVERTISING ENVIRONMENT	74.2%	76.1%	77.8%
NON STANDARDIZED CABLE RATINGS	61.1	62.1	75.2
INCREASED SPORTS PROGRAMING COSTS	44.4	45.3	52.0
LACK OF RESEARCH FOR LOCAL CABLE AND REGIONAL NETWORKS	43.5	57.3	62.4
BROADCAST NETWORK EROSION	42.4	42.7	44.0
INABILITY OF MEDIA PRACTITIONERS TO MANAGE GROWING MEDIA UNIVERSE	40.5	40.0	29.1
CONSUMER GROUP PRESSURES ON ADV. SUPPORT OF CONTROVERSIAL PROGRAMS	30.3	28.1	40.0
CABLE NETWORK ADMINISTRATION	22.1	23.9	44.8
INCREASING BROADCAST/ CABLE FRAGMENTATION	15.0	10.5	10.4
INCREASES IN MEDIA FROM TECHNOLOGICAL ADVANCES	5.4	3.1	3.2

CABLE'S CAUSES

% RATING VERY OPPORTUNE OR EXTREMELY OPPORTUNE FOR CABLE

	CLIENT MRKTG. EXECS.	AGENCY MEDIA PLNNRS.	AGENCY MEDIA BUYERS
STANDARDIZED NEILSEN REPORTS	73.1%	90.6%	94.4%
TRUSTWORTHY NATIONAL RATINGS	76.3	90.7	84.8
INCREASED CABLE PENETRATION/RATINGS	79.5	89.6	87.2
IMPROVED RESEARCH/ AD IMPACT	74.1	78.1	74.4
IMPROVED CABLE ADMINISTRATION	62.9	83.2	86.3
COMMERCIAL "POD" RATINGS	66.9	70.5	70.4
AVAILABILITY OF VALUE-ADDED	51.6	66.7	62.4
PROGRAM SPONSORSHIPS/ EVENT TIE-IN	51.4	78.1	68.0
OUT-OF-HOME VIEWING RESEARCH	44.0	70.8	63.2
INCREASED CABLE UPFRONT ACTIVITY	39.4	49.0	54.0
INCREASED 15" SPOT POSITIONS	39.2	52.1	40.3
ELECTRONIC MEDIA DATA EXCHANGE	38.9	50.0	45.6
IN-PROGRAM SEGMENTS/ VIGNETTES	37.1	54.1	70.4

ROAD WARRIORS

The cellular phone business is changing at pace that would make even Maxwell Smart's head spin. With prices dropping, it's no longer just secret agents and top brass making urgent calls as they travel to their next meeting. Now more pedestrian consumers are tapping into the market, driven by a desire for both status and convenience.

Unlike cordless phones, which have to be used in or around the house, cellular phones can operate anywhere by communicating via radio signals to a nearby transmitting station.

There are three basic cellular phone types: the standard car phone is called "mobile"; a car phone that can be taken out and used as a remote is called "transportable"; and the "hand-held portable" can be used anywhere as long as a cellular link is in range. For service, the cellular phone user must choose between two carriers: the local phone company and a licensed wireless carrier.

Eric Buck, vice president with Donaldson, Lufkin & Jenrette, estimates that 1.9 million phones were sold in 1990, bringing the market close to 6 million units in use. The most conservative estimate among industry observers is that 9 million phones will be in use by 1993; the most ambitious puts the number at 35 million by 1995.

While prices have fallen, the average retail price is still high due to product innovation and new features. "The phone that you paid $1,000 for three years ago costs $200 today, but there's a whole new phone out there that's $1,000 if you want to buy state-of-the-art," says Buck.

According to Herschel Shosteck Associates, a Baltimore-based market research company, the average retail price for a mid-level mobile phone this year is about $474, down from $2,844 in 1983. In the portable segment, the average price for a mid-level model is $609 this year, compared with $2,492 in 1986. The market is still predominantly business (about 70% compared with 30% consumer), but marketing efforts are expected to shift toward consumers as prices continue to drop.

Since the consumer market is just developing, advertising expenditures by the leading cellular phone brands are still low and focus on educating the marketplace. Overall ad spending for the top five brands was $4.7 million.

The market leader, Motorola, was by far the largest ad spender with $3.2 million in the July '89 to June '90 period, according to Leading National Advertisers. In addition, Motorola was the only brand to use network tv.

The predominant target is businessmen,

by Brian Bagot

BRAND REPORT NO. 175
CELLULAR PHONE EXPENDITURES [000]
JULY 1, 1989-JUNE 30, 1990

	Media Total	BAR Network T.V.	BAR Spot T.V.	BAR Cable T.V.	BAR Syndicated T.V.	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor
Motorola	$3,190.7	1,219.1	154.8	59.4	43.8	1,501.5	212.1		
Panasonic	117.3					47.4	69.9		
Mitsubishi	639.9					357.4	279.5		3.0
NEC	657.1					541.7	104.8	10.6	
Audiovox	74.9					74.9			

*Sources:Broadcast Advertiser Reports (BAR); Leading National Advertisers (LNA); Media Records (MR). No spot radio spending measured. *Nov-Feb spending not tracked.*

who typically spend $100 a month on phone use, so most of the ads are in the news and business weeklies. With 25% of the mobile phones bought by women, however, the female target is not being ignored. Motorola is buying into such women's books as *Entrepreneurial Woman* and *Working Woman*. NEC America Inc. is considering adding those titles to its next schedule. Total magazine spending of the five leaders as tracked by LNA was $2.5 million.

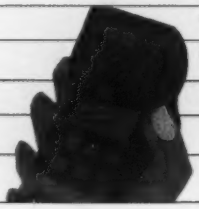
NovAtel's advertising was not tracked by LNA last year, although the company was ranked in the top five by Shosteck.

Kings of the Road

Running average of market share of mobiles and transportables by brand. December 1988-September 1989

Audiovox	17.3%
Panasonic	15.2
Motorola	12.6
Uniden	10.5
Mitsubishi	8.3
NEC	5.9

Source: Herschel Shosteck Associates, Baltimore, Md.



The low brand ad spending is somewhat misleading, however, because there is significant co-op spending. According to Cellular Plus, a sales and marketing development firm, newspaper advertising for the first half of 1990 by retailers was $12.2 million. Mobile electronics outlets (car stereo stores) had 38.5% share of those newspaper expenditures, followed by consumer electronics outlets with 28.8%, appliance/hardware stores with 10.2% and mass merchants with 8.7%. Carriers, which are the phone service companies, had 2.4% of the newspaper ads in the first half. All others added up to 11.4%.

The channels of distribution are changing, however, as prices come down. Sales used to be limited to car stereo stores and carriers such as Nynex. But now, says Scott Slater, president of Cellular Plus, "[Chain] retailers are becoming a more important part of the business." They buy directly from the cellular phone makers, not through distributors.

NovAtel is aggressively pursuing the consumer market through distribution to mass-market retailers. "We are driving the personal use market," explains Charlie Speights, director of U.S. marketing. "While everyone else was sitting around analyzing the marketplace, we decided to open the window of opportunity. We knew that eventually it would become a consumer item, and why wait?"

According to Speights, 70% of NovAtel's distribution is through electronic retailers such as Newmark & Lewis, Sears Brand Central and Circuit City. He adds that the company, with offices in the U.K. and Australia, is expected to do more than $500 million in sales this year.

NEC America, is still selling its phones through the carriers, but is considering the retail route. "During this past year we've seen a trend toward the retail market, a growing trend," says Donna Browning, manager of advertising and public relations. "So this year, for the first time, we'll be dealing with that."

Audiovox is still aiming at trades. Total consumer spending tracked by LNA during the 12 months ended June 30, 1990 was strictly magazines and was only $74,900.

Read on and hear how some of the leading cellular phone brands, as ranked by Shosteck, are ringing up sales.

Motorola

Motorola aims its line of phones through several distribution channels that include carriers, mass merchants, specialty retailers, direct sale, as well as an original equipment option on cars.

The falling prices have upped consumer interest in the phones, so the company launched a tv ad campaign in May focusing on quality and durability. One of the tv spots has a child using the phone as a hammer for a busy box, while two others have a dog dropping the phone down a flight of stairs and a phone user attempting to swat a bee with the phone.

The ads from Eisaman, Johns & Laws/Chicago broke on network tv shows such as *60 Minutes*, *Good Morning America*, *Sunday Morning with Charles Kuralt*, *Sunday Today Show*, *The Today Show*, *The Tonight Show* and *Late Night with David Letterman*. The network buy is supplemented by cable and superstation, which, according to Susan Schmitz, manager of advertising for the North and Latin American division of the Cellular Subscriber Group at Motorola Inc., "allows us an even greater audience." Cable buys are CNN's *Headline News*, ESPN's *Nation's Business Today* and FNN's *This Morning's Business*, *Midday Market Report* and *Wall Street Count Down*. The superstation show bought was WGN-INN's *USA Tonight*.

"From an efficiency standpoint, the audience is still 75% male, and we're looking for television programing that's going to have a higher preponderance of men," explains Schmitz. But she who also adds that the demo is changing. "The target consumer group was originally high income, male dominated, professional. Now it's younger, and 25% of the purchasers are women, up from 10% last year."

Backing up the tv effort is a comprehensive magazine campaign that provides prospective buyers with a cellular phone education. With the headline, "It's the way we put them together that sets us apart," the ad points out 15 features of Motorola's hand-held portable, including indicator lights, integrated circuits, noise-eliminating dual microphone and patented flexible antenna.

Magazine buys tend to target upscale readers with titles such as *Business Week*, *Fortune*, *Golf*, *Newsweek*, *Popular Science*, *Working Woman*, *Black Enterprise* and *The American Enterprise*. Motorola also raised a ruckus as the first product to buy *Omni* cover. A holograph-

Motorola's special features are pitched to both men and women.

ic image of Motorola's latest cellular phone appears through a portal on the November cover of *Omni*. Publisher Kathy Keeton justifies the move by saying readers don't know it's Motorola until they open the book.

A trade campaign began in February. The bulk of the buys have been in *Cellular Business* and *Cellular Marketing*, while *RCR*, *Communications News*, *CARS* and *Mobile Office Magazine* are getting pages as well.

Panasonic

After several years of supporting its cellular phone distributors through trade advertising, Panasonic is finally capitalizing on its strong name in the consumer electronics segment and is making consumer buys.

"Now we're adopting a pull-through strategy and advertising to consumers," says Roman Kikta, market development manager for the telecommunications division of the Panasonic Communications Systems Co. "We just finished our tv shoot and are going to be advertising on the cable networks like CNN, ESPN and A&E. And when the budget permits, we'll branch out to the major networks." The division's agency is Levine, Huntley, Schmidt & Beaver.

Consumer print ads are currently running in *Sports Illustrated*, *Time*, *Forbes* and *Fortune*, as well as local newspapers in major markets, which Kikta describes as "part of that pull-through strategy."

Panasonic Co.'s mobile electronics division is taking over the marketing of the phones to major electronic retail accounts, while the telecommunications division will continue to market the phones to carriers and distributors who sell to smaller stores. "It's basically a natural extension of the [mobile electronics division's] business. They sell tvs and VCRs, and it makes business sense if the same salesperson is selling cellular phones," explains Kikta.

The first cellular phone ad for the division will be part of a seven-page corporate fold-out running in titles that include *GQ*, *Sports Illustrated* and *Time*. The ad from Grey Advertising features Panasonic's hand-held portable.

Ad spending during the July 1, 1989 to June 30, 1990 period as tracked by LNA was $117,300, with $69,900 going to newspapers. The balance was picked up by magazines.

Mitsubishi International

Mitsubishi International, whose upper-end mobile phone retails for $999, is primarily aiming at the business users. "We're not targeting the consumer market, because that market at this point is at the low end of the price scale," says Jeff Nelson, product manager. "We talk to serious users, not only professionals, but there are a lot of real-estate and construction users." The company's hand-held portable retails for $1,499.

Since it's in the top end of the business, Mitsubishi's ad campaign is highly targeted and runs in titles that include *Mobile Office* and *Mobile Electronics*. Nelson says that from time to time, there are also programs in *Time*, *Business Week* and *Newsweek*. Magazine spending was $541,700 in the 12 months ended June 30, according to LNA.

The ads from Michael Meyers & Associates, Chicago, stress that there is wide spectrum of cellular phone options, and you get what you pay for.

"The theme is we are quality, and the price differential is insignificant in comparison to the dollars spent using the phone over a short period of time," says Nelson. "We make the recommendation that serious business users buy the phone that's going to fit their needs the best and not be concerned with saving $200 in the short term."

No tv is used. "For the very narrow market we're serving, it really isn't a very efficient buy for us. We haven't found anything as far as television that can define our market as well as the print mechanisms we have."

He adds that tv is not completely out of the question. "When the consumer market really does develop and when our product targets those people, we'll start to do some tv. That could be a couple of years off."

The Mitsubishi line is sold through distributors, large electronic chains, car stereo dealers, the handful of cellular phone stores, and a limited number of carriers. "The carriers we choose are very special cases, those who are acting as a distribution arm instead of those passing the phones through at very little mark up," says Nelson.

NEC America Inc.

Distribution for NEC's line of mobile and portable cellulars is currently through carriers, but that may change soon. NEC's Browning says the company is looking at the retail situation, but is skeptical of estimates that 25% of the cellular purchases are consumer versus business. "If you go into a Federated on a Saturday afternoon in your jeans and purchase a cellular phone, you're a consumer purchaser, even if you install it in your car for your real-estate business on Monday," she says. "We're not quite sure what the real number is, but we do know there is a growing number of consumer purchases out there."

The company has a new commercial for its portable model that is running on

Well in Hand

Portable phone market shares by brand. December 1988-September 1989

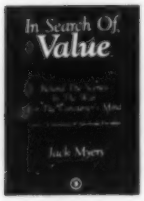
Motorola	31.4%
NovAtel	15.0
NEC	14.0
Mitsubishi	13.0
Panasonic	6.6

Source: Herschel Shosteck Associates, Baltimore, Md.

NEC is warily studying the retail market to augment carrier distribution.

MYERS MARKETING & RESEARCH

Publications...



In Search Of Value: Behind the Scenes in the War for the Consumer's Mind — Survey of marketing & advertising executives on the dynamics that are influencing the decision-making process. **$295.00**

The Real Value of Value-Added — Survey of advertising and media company executives on value-added services; what works, what's hot, its significance to the media buying process, and its future. **$45.00**

Survey of Advertiser & Agency Executives on Broadcast & Cable Networks — This eighth annual study examines attitudes and opinions on broadcast and cable television, as well as the issues that will shape the medium in the 1990's. **$45.00**

Survey of Advertising Executives on Magazine Publishing — An examination of the attitudes and perceptions which influence the magazine media buying decisions of advertisers and agency executives. (Available in January.) **$45.00**

Published by
The Worldwide Marketing Leadership Panel

Qty	Title	Price
_____	*In Search of Value*	_____
_____	*The Real Value of Value-Added*	_____
_____	*Broadcast & Cable Networks Survey*	_____
_____	*Magazine Publishing Survey*	_____
	Shipping & Handling	$10.00
	NJ residents 7% Sales Tax.	_____
	Total	_____

Name _____

Title _____

Company _____

Address _____

_____

Phone _____

Mail to: Myers Marketing & Research
322 Route 46 West, Parsippany, NJ 07054
201/808-7333 Fax: 201/882-3651

Who's Calling, Please?

Annual sales of new cellulars in '90 will be 3.05 million units; estimated subscribers, 5.2 million.

Users:	September '88	September '89
Business	72.1%	56.6%
Personal	24.0	38.3
Public Safety	–	3.0
Government	–	2.1
Other	3.9	–

Source: Herschel Shosiack Associates, Baltimore, Md.

ESPN and CNN. The ad targets business and personal users, male and female, between 35 and 54, with annual incomes of $30,000-plus. The theme of the ad is "You can't take the call if you don't take the phone" and says it's possible to operate a business while enjoying its rewards. In the spot, two men are fly fishing. One has the P 300 portable with him, completes a contract deal over the phone and continues to fish. The agency is Hakuhodo Advertising America, Los Angeles.

The current tv campaign is just for the portable line, and there are no plans to put the mobile line on the tube. As Browning states, "Our mobile phones sell very quickly on their own. We've been very successful in both categories, but we do feel like the average consumer needs education on the use of portable phones and a clarification as to why it costs more.

Print ads run in *Newsweek*, *Business Week*, *Time*, *M inc.* and *Forbes*. Business women's titles, such as *Entrepreneurial Women* and *Working Woman*, are being considered. Total print expenditures during the 12 months ended June 30, 1990, were $657,100 and were the only spending tracked by LNA.

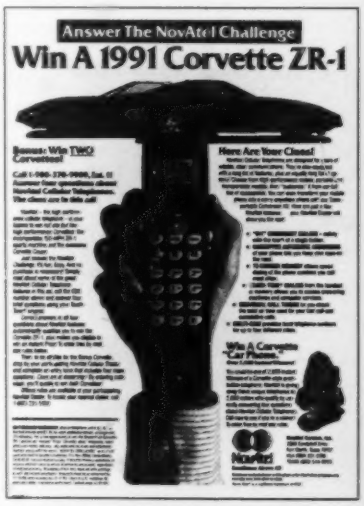
NovAtel

Offering a broad spectrum of portables, transportables, mobiles and accessories, NovAtel's thinks the future is at retail and positions itself as a heavyweight in this segment of the business.

Electronic retailers sell 70% of the companies output, so education is critical. "We do an extensive amount of training in-store to make sure the consumer knows what he is buying," says Charlie Speights, director of U.S. marketing. "There's a certain amount of turnover in these stores, and we have to keep training and retraining."

Advertising is primarily conducted by the retailer, which is supported by co-op funds, explains Speights. The company also runs a national promotional campaign called the NovAtel Challenge. In it the consumer has a chance at winning a new 1991 Corvette. Registration for the contest is through ads running in *Time*, *Newsweek*, *Sports Illustrated* and *U.S. News*. To enter, the reader calls a number that's in the ad and registers for the contest. He's then given a message that's actually an educational process about the phones. After the phone sell, the listener is told that if he goes to his participating local dealer, he has the possibility of winning a second Corvette. "That's the way we build local store traffic," boasts Speights. "We drive the store traffic in, and with the training, hopefully he'll walk out with a NovAtel phone."

The promotion from DVI Marketing Services, Costa Mesa, Calif., was kicked off the in mid-August, the drawing will take place at the end of January. ■



NovAtel promotions generate store traffic as consumers try to win a new Corvette.

THE PAPER CHASE

Hard to believe, but sales promotion's great love affair with America's newspapers didn't begin with the invention of the free-standing insert (FSI). Only a decade ago, newspaper ROP carried 48% of all the country's couponing. Sunday supplements carried another 9%, and FSIs, the new kid on the block, had about 18%. (The remaining 25% was distributed through direct mail, magazines and on-packs). So, in fact, newspapers were, are and perhaps always will be the primary media for promotion.

In 1990, however, FSIs are the dominant vehicle within this medium. Despite all the talk about clutter and sameness, they have a rousing 77% share of all couponing and the majority of sweepstakes, premiums and other promotional space advertising. Ken Bortner, president of Product Movers/Quad, one of two major firms that produce FSIs, says his company's business will rise about 5% this year. Valassis Inserts, the other major player, is also growing in pages and revenue in 1990, according to Dave Brandon, president.

PROMOTIONAL OPTIONS VIA NEWSPAPERS

Media Vehicle	Circulation (in millions)
Product Movers	50.0
Quad	50.0
Valassis	52.0
Sunflower National	75.6
Valassis ROP	58.0
Sunday Comics	47.0
National 4/c Network	32.6
Parade	30.0
Sunday Magazine Network	17.8
USA Weekend	15.0
US Suburban Press	15.0

Source: M&MD

Neither company plans to let FSIs become "old hat." Product Movers/Quad is the leader in charity and sports specials, such as the Easter Seal program and the annual Super Bowl promotion. Its "trade power" program allows supermarkets to tie into coupon ads for specific brands and has recently expanded to include chain drug stores.

Valassis has increased circulation of its FSIs to 52 million households. It recently added POP Radio (a network of in-store radio programs in supermarkets and drug stores) to pre-sell couponing to the consumer and encourage greater trade support.

While FSIs still dominate, other national newspaper package buys are after those growing promotion budgets. The Gannett Company has two contenders in the race. Gannett's national Sunday supplement, *USA Weekend*, has recently begun calling on promotion departments and adding special-interest sections to attract advertisers to their readers. The supplement promotes reader response through 800 and 900 phone numbers. Their highest response to date came when 42,688 people called a 900 number to vote on banning fur sales. Other numbers promote products.

Each year, *USA Weekend* also runs ten oversized sections (called "pop-ups") in its center spread, reaching 15 million circulation in 331 papers. Advertisers have included Kraft foods and Tru-Value hardware stores.

Gannett's growing four-color newspaper network offers national advertisers up to 32.6 million circulation with full color ROP space in a total of 301 papers. It has attracted such advertisers as Campbell Soup, Kraft, RJR and Gillette, which bought full color pages in the sports sections to help introduce its Sensor razor.

Parade, with 30 million circulation in 335 papers, and The Sunday Magazine Network, with 17.8 million circulation in 34 papers, continue to pursue traditional advertisers, using some themed issues and "advertorial" ideas. *Parade* now offers a discount for coupon pages that puts its rate in the ballpark with FSIs. In a unique joint effort, *Parade* and *USA Weekend* are offering a four-page recipe "pull-out" section sold on a co-op basis.

Both Valassis and The Sunflower Group offer national circulation "co-op" B&W ROP space. This is ideal for couponers looking for extended circulation and those who have to react with ROP couponing in short lead times. The Sunflower Group offers 54.8 million in its "extended circulation," giving Sunflower the largest total circulation package of 75.6 million (83% coverage of all households in America). Valassis delivers 44 million in its major-market package and 14 million in its "Plus" package, and now it is offering *USA Today* as an optional extra.

U.S. Suburban Press Inc. represents a network of 1,000 suburban papers with a total circulation to 15 million and "Suburban Select," a PRIZM-based demographic analysis system that allows an advertiser to select the suburban communities that best match its audience profile. So far, this special capability has paid off, with 34 new advertisers running preprint "inserts" for direct-response marketing from companies such as Geico, Avon Fashions, Time-Life, Aetna and the *Wall Street Journal*. ■

by Russ Bowman

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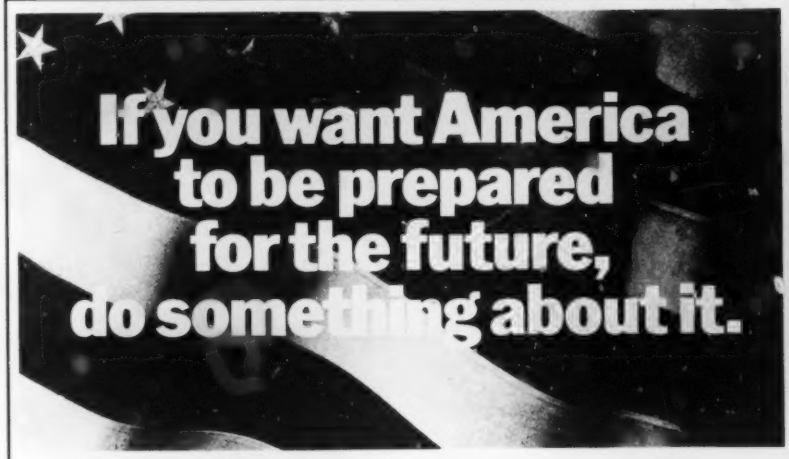

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Give to the college of your choice.

Ad Council

COUNCIL FOR AID TO EDUCATION CFAE

ECONOMIC EYE

MAGAZINE AD SCORECARD

	Ad Pages Sept. 1990	% change from Sept. 1989	Dollars spent (000)	% change from Sept. 1989
1. Skin care, Creams, Lotions and Oils	212.93	-15.8	8,977.0	-16.3
2. Lip and Eye Beauty Products	208.65	52.5	8,523.4	32.4
3. Scents and Fragrances	253.39	5.6	8,089.0	14.1
4. Facial Makeup Products	95.47	2.5	4,491.4	15.0
5. Prepared Dinners and Entrees (including pizzas)	36.58	-0.5	2,743.0	29.6
6. Liquor	316.33	-16.2	14,360.6	-10.6
7. Cigarettes	430.92	-24.0	28,503.8	-13.5
8. Soaps and Detergents	18.00	2.5	1,219.1	26.6
9. Passenger Cars, Domestic	338.16	77.0	19,499.8	74.4
10. Passenger Cars, Imported	356.89	NC*	24,213.8	22.9

*Source: Publishers Information Bureau as prepared by Leading National Advertisers. *No Change*

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1989 → ← 1990 →

	Dec.	% change	Jan.	% change	Feb.	% change	Mar.	% change	Apr.	% change	May	% change	June	% change	July	% change
Network TV																
Daytime	74	+0.8	78	+0.6	75	+10	78	+14	74	+2	75	+13	66	+5	78	+10
Nighttime	123	+12	129	+6	131	+9	146	+17	118	+6	129	+1	136	+25	136	+9
Spot TV																
Prime time	130	+1	148	+5	130	+3	127	+2	130	-0.6	135	+7	136	+4	–	–
Daytime	97	-1	122	+5	100	-16	99	+2	102	+2	107	+8	96	+2	–	–
Network radio	131	+10	173	+10	157	+11	152	+9	147	+15	150	+15	145	+15	128	+6
Spot radio	114	+4	–	–	–	–	118	+0.3	–	–	–	–	129	+9	–	–
Consumer magazines	123	+3	130	+7	131	+8	131	+8	131	+7	131	+7	131	+7	130	+6
Natl. Sunday magazines	141	+10	132	+2	132	+2	139	+8	139	+8	139	+8	139	+8	139	+7
Business publications	123	+6	128	+8	128	+8	128	+8	128	+8	128	+8	128	+8	128	+4
Newspapers	131	+6	138	+6	138	+6	138	+6	138	+6	138	+6	138	+6	139	+6
Outdoor	132	+8	141	+3	141	+3	141	+3	141	+3	141	+3	141	+3	141	+3

Notes: Percentage shown is relative change from the same month/period the year before. Newspaper figures reported for January and July only. Spot television figures not available at presstime.

Prime-time commercial recall is at an all-time low, reports the Newspaper Ad Bureau: Recall, 18% in 1965, was down to 4% in 1990.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nighttime Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/ Broadcast Advertisers Reports' Spot TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

NOTE

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106, 107, 110, 111

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MARKETING & MEDIA DECISIONS

DECEMBER 1990 · $4.00

1990 MEDIA ALL STARS

MEDIA DIRECTOR, RICHARD KOSTYRA,
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DEPARTMENTS

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An update on the lives of last year's All-Star honorees.

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Though it still won't allow dancing tubes of toothpaste or Met Life spokesbeagle Snoopy to think a word, public television is slowly opening its airwaves to advertisers. Be prepared for a host of restrictions, creative and otherwise, however.

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Medical publications, once full of vim and vigor, are showing signs of stress. The market may have reached its saturation point as advertisers begin to divert money from print to more direct forms of marketing. And the patient, though far from dead, could be in need of care.

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SALES PROMOTION 104
With 287 billion coupons distributed in 1990, the FSI business had a good, if not great, year. That business, however, still remains firmly in the hands of two FSI giants, Valassis and New America. Also, our annual Promotional Media Calendar.

POINT/COUNTERPOINT/POLL 106
It's an age-old question: which is better, advertising or sales promotion? Our readers' poll finds advertising still in the lead.

NEWS BEAT:NEWSPAPERS 109
Saturday Night magazine distributed as newspaper insert . . . *TV Week* reaches for retail advertisers.

ECONOMIC EYE 110
Top category spending is tracked for consumer magazines, plus the Media Cost Index through August 1990.

THE LAST WORD 112
What clients and co-workers really thought of some of this year's All-Stars and nominees. All off the record, of course.

Left to right: Kostyra, Sakin, Sotiriou, McCloud, Whitman, Orlick, Ritchie, Bonsaing, Grubbs.

FEATURES

THE 1990 MEDIA ALL-STARS

The clients have spoken and picked a group of independent thinkers, hard workers and strong communicators to be this year's All-Stars. In nine areas of expertise, these men and women and their Star Watch colleagues prove that creative thinking and innovative buying and planning are alive and well in the agency media department.

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STEVE GRUBBS, Senior Vice President & Director of National TV Buying & Program Development, BBDO. Star Watch: Karen Poster, Vice President, Group Supervisor, FCB/Leber Katz.

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JERRY BONSAING, Executive Vice President, Group Director, Spot Broadcast/Media Administration, Backer Spielvogel Bates. Star Watch: Rich Meyer, Senior Vice President, Director of Anheuser-Busch Media Services, DMB&B, St. Louis.

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Before buying that four-color spread, you'd better know the magazine's core audience. Here's how, and why.

TELEVISION Chet Bandes 99

O.K., you know the tv audience is out there, but what are they really watching? The Viewer Volatility Measurement can help calculate the extent of channel switching.

PLANNING Lynn Upshaw 101

As unconventional media usage becomes the norm, there will be increasing pressure on agencies to protect their clients' messages from growing audience ill-will.

Chet Bandes
Media research manager,
McCaffrey and McCall Inc.,
New York

A VOLATILE ISSUE

CBS National Spot Sales commissioned Norman Hecht Research Inc. to conduct the "Television Viewer Retention Study" to determine if viewers watch all channels in the same manner. The research measured the degree to which viewers switch-in and switch-out to selected broadcast and cable tv networks, and CBS has used the results to hype broadcast over its cable competition. But is the hype justified?

The findings of the study show channel switching varies by network. There is a relationship between channel switching and ratings: Higher-rated networks have a lower percent of channel switching and ratings. Also, higher-rated networks have a lower percent of channel-switching viewers.

However, the study exaggerates channel-switching differences between broadcast and cable networks. A more meaningful measure based on audience stability reveals only small differences among the networks. Therefore, channel switching should not be a key factor in the selection of television network alternatives.

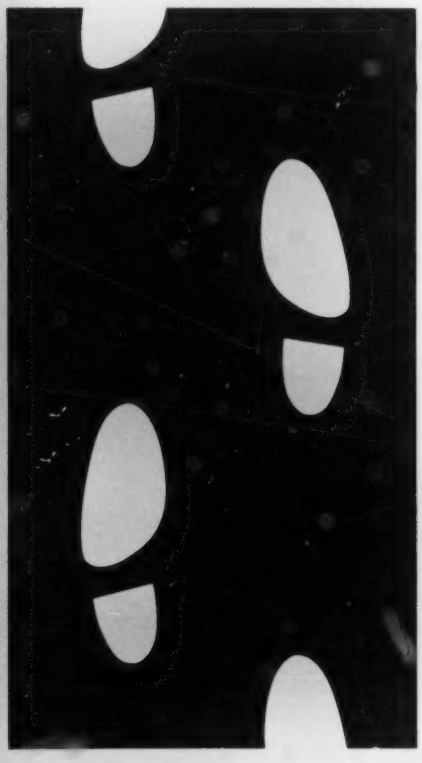
The study was conducted in four markets (New York, Chicago, Los Angeles and Philadelphia) during the week of November 6-12, 1989. A sample of 702 Nielsen National (NTI) meter homes was the source for household tuning data. BAR Reports were utilized to obtain program/non-program content. Channel switching and content information were analyzed by 30-second blocks in prime time for four broadcast networks (ABC, CBS, NBC and Fox) and six cable networks (CNN, ESPN, FAM, MTV, USA and WTBS).

A formula was developed the "Viewer Volatility Measurement" (VVM) to calculate the extent of channel switching. It reads:

$$\text{VVM} = \frac{\text{Switch-In} + \text{Switch-Out}}{\text{Total Audience}}$$

The study showed that the three major broadcast network audiences are less volatile than the audiences of Fox and the six selected cable networks (see chart I, following page). A breakdown by program content shows that based on a 10-channel average, volatility is 25% greater for non-program material compared to program material (chart II).

But the VVM exaggerates the degree of volatility in viewing behavior. The reason for the exaggeration is that channel switchers are counted twice, while non-channel switchers, the stable audience, are counted only once. A channel switcher is given full credit as part of both the switch-in and the switch-out channel.



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... to your nearest mailbox and send for the latest copy of the **free** Consumer Information Catalog.

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Take a step in the right direction and write today for the free Consumer Information Catalog. Just send your name and address to:

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Chart I

VIEWER VOLATILITY MEASUREMENT (VVM)

(All Program/Non-Program Material)

Program Source	VVM	Volatility Index
		(3 net = 100)
Three network average	2.9%	100
Fox network	4.6%	159
Six cable net average	8.5%	293

Source: Television Viewer Retention Study

Chart II

VIEWER VOLATILITY MEASUREMENT (VVM)

(Program Material vs. Non-Program Material)

Program Source	Material (%)	Program Only (%)	Non-Program Only*(%)
Three network average	2.9	2.5	3.3
Fox network	4.6	4.2	5.0
Six cable net average	8.5	8.3	9.0
Ten Network Average	3.6	3.2	4.0
Volatility Index (10 net = 100)	100	89	111

* Includes commericals, promos, public service announcements and billboards
Source: Television Viewer Retention Study

Chart III

VIEWER STABILITY MEASUREMENT (VSM)

(All Program/Non-Program Material)

Program Source	VSM	Stability Index
		(3 net = 100)
Three network average	98.5%	100
Fox network	97.7%	99
Six cable net average	95.7%	97

Source: McCaffrey and McCall

Chart IV

VVM vs. VSM COMPARISON

(All Program/Non-Program Material)

Program Source	Volatility Index*	Stability Index**
	(3 net = 100)	(3 net = 100)
Three network average	100	100
Fox network	159	99
Six cable net average	293	97

* Based on formula developed by CBS/Hecht Research
** Based on formula created by McCaffrey and McCall media research
Source: McCaffrey and McCall

Chart V

AUDIENCE SIZE vs. VOLATILITY ANALYSIS

(All Program/Non-Program Material)

Program Source	Audience Size (descending order)		Volatility Score (ascending order)	
	Homes (000)	Rank	Percent (%)	Rank
NBC	693,879	1	2.6	1
ABC	606,628	2	3.0	2
CBS	455,606	3	3.2	3
FOX	295,741	4	4.6	4
ESPN	66,269	5	6.8	5
USA	41,066	6	8.7	8
WTBS	38,633	7	7.6	7
CNN	33,117	8	7.4	6
MTV	20,865	9	14.6	9
FAM	6,464	10	16.7	10

Source: Special tabulation by CBS/Hecht Research

A more accurate method would be to count channel switchers only once. This could be accomplished by dividing the switcher audience in half between the switch-in channel and the switch-out channel. Switchers were probably counted twice because larger absolute differences are generated, which are advantageous for positioning the three networks on the subject of volatility.

The stable audience is more desirable than the volatile audience because it provides a better commercial environment. Therefore, a more meaningful approach would have been a measure of viewer stability instead of the VVM model. McCaffrey and McCall media research created the Viewer Stability Measurement (VSM) to calculate the degree of stable audiences:

$$VSM = \frac{\text{Stable Audience}}{\text{Total Audience}}$$

The VSM analysis indicates that the three major networks provide the most stable audiences. However, there are only small differences among the program sources (chart III).

This CBS-commissioned research is entitled, "Television Viewer Retention Study," but the analytical tool employed is a measure of non-retention (volatility). Chart IV illustrates the promotional value of this point of view to the established broadcast giants.

In a cover letter distributed with a copy of the Television Viewer Retention Study, Peter Chrisanthropoulos, president and CEO of the Network Television Association, links the implications of the research to the notion that "network television clearly outperforms others because of the substantial inherent advantages over its competition. Those inherent advantages are the quality and originality of network television programing, the powerful network/affiliate distribution system, a more favorable and less cluttered commercial environment and the history and tradition of the medium."

This writer concludes that as pretty as this notion sounds, on average, volatility is mainly a function of audience size – period. Specifically, high-rated programs have less volatility than low-rated programs. Consider this hypothetical example:

Market sample size	1,000 homes
Broadcast network program	10 rating
Cable network program	1 rating
Switch-in/switch-out audience	1 rating

Source	Rating	Homes	Switch Aud.	% Vol.
B'cast network	10	100	1	1%
Cable network	1	10	1	10%

The example demonstrates that one channel-switching home between a broadcast network and a cable network would produce significantly less volatility for the higher-rated program source.

To test the idea, a special tabulation of audience size by network was requested. Chart V (previous page) clearly shows an almost perfect correlation between audience size and volatility.

So audience size is the key factor affecting volatility. Therefore, the interpretation of "inherent advantages" by Chrisanthopoulos is only correct to the extent that those advantages affect audience size. ■

PLANNING

Lynn Upshaw
Chief operating officer,
Ketchum Advertising,
San Francisco

CALLING ALL CLUTTERBUSTERS

In a world where peace and quiet is the exception, the first job of advertising is to get noticed. Even the most junior copywriters learn fast that their creative executions can end up as creative secrets if they get lost in the din of modern life.

Clutter has become the real competition for most advertisers. Relaxed codes in the broadcast industry and elsewhere have created as many problems as opportunities, and have given rise to the search for new, more intrusive media vehicles. It has also precipitated an emerging megaissue called "intrusion" that may require some new teamwork between agencies' media and creative departments.

Many agencies have discovered that if you can't rise above the clutter, you have to go where it isn't by inserting advertising in the most unexpected places. The newest settings for commercial messages include movie theaters, laundromats, comic books, health clubs, doctors offices, shopping carts, paperback novels, subway stations, catalogs, rented videotapes, elevators, and so on. It's all kind of a fascinating game to many in the business, sort of like writing a book and seeing how many different kinds of people read it. But the fascination is lost on much of America. What started out as an experiment in mass media is turning into a growing rebellion. Americans, it seems, are not amused with intrusive advertising.

Consider these sobering facts:

- In a May 1990 study by the Gallup Organization, 28% of those surveyed said that they had bought or rented a videocassette with a commercial message included on it during the previous three months. But more than one-third (36%) of the sample said they found advertising on prerecorded tapes to be "very annoying," and 31% said it was "somewhat annoying."
- Earlier in 1990, the Walt Disney Company polled 18,772 moviegoers, and 90% of them said that they definitely did not want commercials in theaters. (You read that right – 90%. When was the last time 90% of Americans agreed on anything?) Shortly thereafter, both Disney and Warner Bros. prohibited theaters from running commercial shorts prior to showing their films.
- Chris Whittle, the self-anointed point man in this age of new media, has run into heavy sledding with his controversial commercial cable programing in schools, known as Channel One. Consumer advocacy groups have vowed to shut down what they and many parent organizations consider an insidious attempt to fill their children's heads with commercial messages.
- *Business Week* reported that agency executive Don Peppers recently gave a speech to 300 advertising industry leaders and asked his audience to indicate who believed that there was too much advertising today. Virtually everyone in the room raised a hand.

DID IT EVER OCCUR TO ANYONE THAT THE NATION'S 9TH MOST AFFLUENT MARKET... THE RICHEST MARKET IN SOUTHERN CALIFORNIA... THE MARKET THAT HAS EVERYTHING, MIGHT HAVE IT'S VERY OWN NEWSPAPER ?!

In Orange County, The Orange County Register has 74% more daily and 57% more Sunday adult readership than the Los Angeles paper.

THE ORANGE COUNTY Register
METROGROUP

The leading medium in Southern California's richest market.
Represented by CWO&O

SOURCE: 1989 Scarborough-Simmons Newspaper Ratings Study, 1990 S&MM Survey of Buying Power

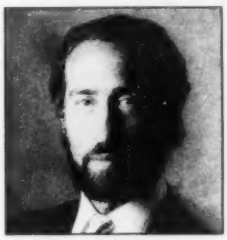
COUNTER POINT

PRICE, IMAGE AND

IF YOU CAN'T BEAT 'EM . . .

The image/price debate will outlive us all. Here, two views of tomorrow.

July, 1993 . . . The President approves special legislation banning all price promotions on consumer goods and services. While companies may lower prices, fares, and rates, they will be prohibited from promoting them as specials with the traditional limitations or restrictions. Food marketers, retailers and travel and lodging are hardest hit.



This far-fetched scenario is not going to happen in a free enterprise, democratic state. But it does allow us to imagine what life would be like without price promotions.

- Consumers become extremely brand sensitive. Differences in performance, packaging and service are the focus of their scrutiny and closely evaluated vs. advertising or label claims.
- Brand loyalty increases dramatically. Brands that over-deliver experience lower rates of attrition and brand switching. Profitability increases as marketing monies are used to attract new consumers or cross-sell rather than recapture lost customers a second, third, or thirtieth time.
- Product quality and service delivery improve. Manufacturers and service providers build in tangible, important improvements that fit consumer lifestyles and build brand loyalty.
- Retailers become more strategic, creative and quality-driven in their merchandising programs. They develop new approaches to drive traffic — often based on consumer lifestyles, e.g., Hispanic holidays, summer fitness, early winter dieting.
- Advertisers and their agencies refocus their monies and energies into "Co-Motions." These strategic, large-scale communications promotions will flow directly from a brand's or company's business strategy and add values to products and services. Importantly, they will be underpinned by cohesive advertising, publicity and in-store merchandising campaigns.
- Margins to manufacturers, service suppliers and retailers increase. Prices to consumers are at new discounted levels. Most consumers pay it provided they receive higher quality goods and services in a convenient, low-stress manner.
- Promotion managers are evaluated based on long-term brand equity, sales, share and profitability. They will become true marketing partners with the advertising and public affairs people in their company. Together, they will allocate marketing funds in a strategic, focused, timely manner.

Now, back to reality. Price promotions are not only permitted, but pervasive. Marketers and retailers can place money and effort behind short-term price incentives and create the price wars they so loudly protest. Or, they can step back, take a look at their business objectives, breathe deeply and decide that adding value will deliver a far higher ROI. That decision made, they enter the brave new world of "Full Fare."

Jeff Manning is senior vice president of Ketchum Advertising/San Francisco.

POLL A sampling of client-side marketing management by Research USA, Chicago, suggests a slight loosening of sales promotion's grip on marketing dollars.

1. What percentage of your combined 1990 advertising/sales promotion spending was allocated to each? (Base = 51)

	Advertising	Sales Promotion
Less than 10%	7.8%	9.8%
10%-24%	9.8%	25.6%
25%-49%	17.6%	23.5%
50%-74%	17.6%	19.6%
75%-89%	27.6%	7.8%
90% or more	19.6%	13.7%
Average	57.9%	42.1%

2. How did your dollar volume for sales promotion in 1990 compare to what was spent in 1989? (Base = 50)

THE FUTURE

. . . JOIN 'EM

While sales promotion expenditures continue to outpace media expenditures, the debate on the efficacy of one versus the other is becoming passé. Instead, the economy is forcing marketers to develop integrated strategies that effectively and efficiently deliver a memorable message, while providing a good value to the consumer.

Consumer spending is expected to be flat next year, and U.S. population growth will be less than 1% annually. Marketers will fight to hold volume and share while maintaining profits, and the winners will come from the ranks of those who believe in well-integrated marketing plans.

It is conceivable that total marketing expenditures could decline in the next few years. (I prefer to think, however, that budgets will continue to grow at the same rate, but our spending will deliver greater return and the dollars will shift.) But in a flattening economy, efficiency and effectiveness are imperative.

Some argue that economic pressures will push promotion — especially discounts — to the forefront in the marketing mix, taking precedence over advertising spending. Astute marketers understand, however, that promotion can accomplish an expanded mission. Programs that support and reinforce the brand's positioning and benefits, while delivering a strong incentive to purchase the product, should be developed by promotion marketers.

The distinction between advertising and promotion spending is likely to become blurred. If a print ad carries an 800 number for a new product sample and the closest retail location, is the budget advertising or promotion?

I am not suggesting that total budgets will decline because of the integration of promotion and advertising, but I do believe that economic pressures will translate into higher expectations for stronger programs that are results-oriented. If these programs are executed, dollars will shift into categories that mirror the strongest opportunities. These programs will be non-traditional, and we will begin to see shifts in spending in the following ways:

1. As the communication of promotional programs becomes more vital, there will be greater expenditures in promotion advertising and traditional advertising, as well as promotional elements incorporated in advertising programs.

2. Expenditures for direct mail will probably increase as we understand the demographic and psychographic profile of our target consumer.

3. Trade promotion spending will shift from price discounts to value-added programs that integrate retailer objectives with manufacturer objectives.

4. Scanner managed frequent shopper programs, if supported and successful, have the opportunity to capture dollars from couponing programs and possibly trade promotion. These programs also will offer opportunity for direct marketing and communication.

5. Big events that incorporate advertising, consumer promotion, trade promotion and public relations will increase as marketers try to break through the clutter. Budget allocation will be less defined as funding will come from all areas.

Cumulative spending growth will be slower in the next five years than in the past. The issue will not be how much of the mix we will get but how effectively we spend the dollars. Marketers must be open to non-traditional programs and must evaluate those programs against an overall communication strategy.

Like it or not, a new age is emerging, one that requires collaboration between advertising and promotion, which should result in stronger marketing efforts with greater impact on the consumer.

Due to a production error, Ms. Lukas was mistakenly credited for last month's "Counterpoint" column on marketing tobacco to minorities. She did not write the column, nor did she review or approve of its contents.

Increase	68%
Decrease	12%
No change	20%

3. How did your dollar volume for advertising in 1990 compare to what was spent in 1989? (Base = 51)

Increase	64.7%
Decrease	21.6%
No change	13.7%

4. What change, if any, do you see for your budget in each category in 1991? (Base = 51)

	Advertising	Sales Promotion
Increase	54%	47.1%
Decrease	12%	17.6%
No change	34%	35.3%

5. What percentage of your sales promotion budget was allocated to each vehicle? (Base = 45)

Cents-off couponing	17%
Rebates	5.7%
Premiums & incentives	16.7%
Sampling	8.6%
Sweepstakes & contests	9.4%
Point-of-purchase	14.8%
Trade shows	16.8%
Other	11%

6. What do you believe is the long-term effect that sales promotion has on the brand or brands you represent? (Base = 51)

Brand building	62.8%
Neutral	25.5%
Detrimental	3.9%
Other	7.8%

7. Who places your sales promotion buys? (Base = 51)

In-house	84.3%
Full-service agency	29.4%
Sales-promotion agency	23.5%

Jeanne E. Lukas is senior vice president of Minneapolis-based U.S. Communications.

ECONOMIC EYE

MAGAZINE AD SCORECARD

	Ad Pages Oct. 1990	% change from Oct. 1989	Dollars spent (000)	% change from Oct. 1989
1. Skin care, Creams, Lotions and Oils	228.83	-22.0	10,288.0	-17.2
2. Lip and Eye Beauty Products	159.13	-11.3	6,834.3	24.9
3. Scents and Fragrances	451.50	66.2	12,710.0	53.2
4. Facial Makeup Products	114.29	16.0	4,670.4	7.8
5. Prepared Dinners and Entrees (including pizzas)	24.77	-53.7	1,567.8	-57.0
6. Liquor	444.75	-15.3	19,829.1	-15.1
7. Cigarettes	454.22	-31.9	29,123.7	-24.4
8. Soaps and Detergents	12.85	13.7	698.9	-9.0
9. Passenger Cars, Domestic	492.14	-11.2	34,759.9	-8.4
10. Passenger Cars, Imported	407.22	2.4	24,306.5	-23.1

*Source: Publishers Information Bureau as prepared by Leading National Advertisers. *No Change*

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end-product of circulation/audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1990 →

	Jan.	% change	Feb.	% change	Mar.	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change
Network TV																
Daytime	78	+0.6	75	+10	78	+14	74	+2	75	+13	66	+5	78	+10	64	-3
Nighttime	129	+6	131	+9	146	+17	118	+6	129	+1	136	+25	136	+9	145	+7
Spot TV																
Prime time	148	+5	130	+3	127	+2	130	-0.6	135	+7	136	+4	148	+12	154	+15
Daytime	122	+5	100	-16	99	+2	102	+2	107	+8	96	+2	105	-2	104	+5
Network radio	173	+10	157	+11	152	+9	147	+15	150	+15	145	+15	128	+6	130	+2
Spot radio	–	–	–	–	118	+0.3	–	–	–	–	129	+9	–	–	–	–
Consumer magazines	130	+7	131	+8	131	+8	131	+7	131	+7	131	+7	130	+6	130	+6
Natl. Sunday magazines	132	+2	132	+2	139	+8	139	+8	139	+8	139	+8	139	+7	139	+7
Business publications	128	+8	128	+8	128	+8	128	+8	128	+8	128	+8	128	+4	128	+4
Newspapers	138	+6	138	+6	138	+6	138	+6	138	+6	138	+6	139	+6	139	+6
Outdoor	141	+3	141	+3	141	+3	141	+3	141	+3	141	+3	141	+3	141	+3

Notes: Percentage shown is relative change from the same month/period the year before. Newspaper figures reported for January and July only.

Arbitron reports that 73.2% of tv households own a VCR, a 9.7% increase over July '89. The city with the highest VCR ownership is Reno, NV, with 93%.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nighttime Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

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Lawrence W. Oliver, Publisher